

Arthur Marwick notes the affect the spread of the oil effect had on Northern communities:

The black fingers [of oil] spread further afield than the Grampian coastal towns of Aberdeen and Peterhead. Docking facilities for tankers and construction yards for oil platforms were in demand. Of course, the Highlands had long had hydro-electric schemes, aluminium works, a missile-base, a missile-testing range, and an atomic energy station. Now they were well on their way to becoming a type of region specially associated with late-twentieth century civilisation: wild, remote, beautiful, neglected, with dotted here and there the advanced industrial-technological complexes which the inhabitants of more developed, more populated, areas preferred not to have sited in their midst. However, one man's environmental poison is another man's daily bread.

But also, one man's fish is another man's environmental disaster. International agreements on the conservation of fish stocks badly hit Scottish fishermen (who formed nearly half of all fishermen in Great Britain). The tragic story of the Scottish fishing industry highlights the point that the Highlands were still basically in decline, despite the new technological marvels.

Arthur Marwick, *British Society Since 1945*

Disruption to older communities and local and regional ecologies. Others would later demand an imagination which dramatised the hopes of prosperity raised and shattered, the testing and rejecting of local and national political elites. But at a British political level – and one whose instabilities were provoking repeated fictionalisations, this refused to arrive [...] Oil failed almost totally to surface in the imaginative literature of Anglo-Britain [yet] some authors were vividly conscious of the implications of the oil, particularly for politics, and nearly all of them were Scots.

The rigs and platforms occurred off a highly literary coastline, from the sagasteads of Shetland and the place of Hugh MacDiarmid's exile, south to the Orkney of Saint Magnus and Edwin Muir and the Aberdeenshire of George MacDonald and Lewis Grassie Gibbon [...]

The Clearances were to become the metaphor for the destruction and dispossession wrought on Scotland [...]

Political disfranchisement meant an absence in Scotland of the 'politics as theatre' novel, but it encouraged this migration of political and economic themes into the metaphor or the fable, as in George Mackay Brown's *Greenvoe* (1972). As with his teacher Edwin Muir, the whale-backed Orkneys were an Eden, and one which, unlike Muir, he never left. But now mechanism was moving in on them too. *Greenvoe* was written evidently with Occidental's Flotta terminal, or something like it, in mind. The Orkney island of Hellya, whose quiet, co-operative life is celebrated in the early chapters, is taken over to house a project called Black Star. Its people are dispersed, its houses, church and school bulldozed to make way for tanks and piers and 'installations'. Yet at the end, when Black Star is itself evacuated, the islanders come back to act out the ceremony of the death and resurrection of the Harvest King.

Despite the social changes, the faith – which Mackay Brown shared with Muir – would persist, as indeed would the interpretive sophistication of an intellect, not so much national as aware of the complexity of Scottish identity, which could juggle with economics, ecology, and Frazer's *Golden Bough*. [...]

English novels about political and economic life in the late 1970's – are portentous. A nation-shattering crisis appears to be imminent. Scots writers, on the other hand, treated social change imaginatively and even playfully. This may sound like a contradiction in terms, given the importance of the project. But they realised that it was a very complex experience, at once local and international, worth treating experimentally and using it as a means of focussing Scottish history. Thus, while the 'oil thing' itself was local, occurring in specific basins of activity, it was incorporated into the national repertoire of metaphors.

[...]

Oil had this sort of protean impact, and North Sea oil was crucial to the 'Thatcherite' economy, but it was unobtrusive, capital-intensive, implying no revolution in the labour force. It affected one remote part of the United Kingdom, in a period when most of the population had edited remote areas, especially troublesome ones such as Northern Ireland, out of their concerns. It was a large-scale construction and extraction project, at a time when the British economy was tilting further towards the service sector. So its impact was in a cultural sense, patchy. The Scots picked it up and wove it into their own complex national revival, partly because this revival was itself intellectual and civic as much as political.

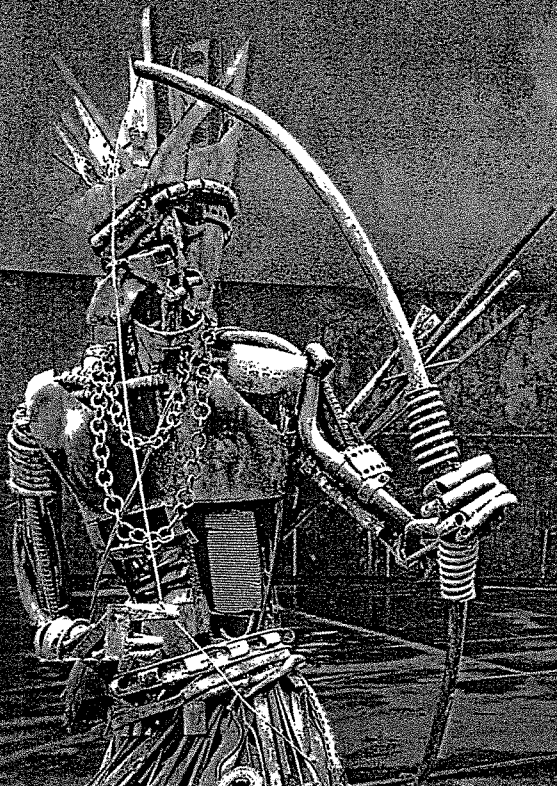
All above are selections from Christopher Harvie, 'North Sea Oil and Scottish Culture' in Susanne Hagemann (ed), *Studies in Scottish Fiction: 1945 to the Present* (Frankfurt: Peter Lang, 1996)



# FLAMMABLE SOCIETIES

Studies on the Socio-economics of Oil and Gas

Edited by John-Andrew McNeish and Owen Logan



### 3 A Contribution to the Critique of Post-Imperial British History: North Sea Oil, Scottish Nationalism and Thatcherite Neoliberalism

Terry Brotherton

According to the memoirs of Margaret Thatcher's longest-serving chancellor of the exchequer, Nigel Lawson, 'defeatism' in Britain, 'although still endemic in many places' was 'on the retreat' in the 1980s. For Lawson, a committed Thatcherite writing soon after falling out with his leader and leaving office in 1989, free-market capitalism, the privatisation of state assets and the defeat of trade-union militancy (embodied for him by Arthur Scargill, the left-wing National Union of Mineworkers' leader) had by then reversed a tide of post-imperial 'decline'.<sup>1</sup> Beginning with the humiliating collapse of the Suez invasion in 1956, this had reached its nadir with the acceptance, by a Labour government 20 years later, of an International Monetary Fund (IMF) loan that was conditional on public spending cuts. In a 1982 lecture entitled 'What's Right with Britain?' Lawson, energy minister at the time, particularly castigated those who contrived to make even the discovery of North Sea oil [in 1969] into a curse'. Two years before, Michael 'dwardes, the boss of the vehicle manufacturer British Leyland, had angrily told a Confederation of British Industries conference that, if the government could not act to prevent the North Sea oil revenues from strengthening sterling to the extent that British manufacturers were priced out of export markets, they 'should leave the bloody stuff in the ground'. The reality, Lawson insisted, was that offshore oil arrived when it was of 'unprecedented value and strategic importance'.<sup>2</sup>

The strategy to which the oil revenues and years of energy self-efficiency were so important is now referred to as neoliberalism, and, as Naomi Klein has argued in *The Shock Doctrine*, its

implementation in the United Kingdom is of global importance.<sup>3</sup> Thatcherism showed that free-market doctrine could be imposed in an established Western democracy, without the sort of murderous 'shock' inflicted on the Chilean people in 1973 at the stadium in Santiago by the CIA-backed dictator Augusto Pinochet. Thatcher's slogan, 'There is no alternative' (TINA), was infiltrated into the 'common sense' of British politics when, after a catastrophic election defeat of 1983 and the unprecedented mobilisation of state force to defeat the 'Scargillism' of the miners' union in 1984/5, the Labour opposition gradually accepted it. When Labour returned to office in 1997, it was as Tony Blair's 'New Labour', committed to nothing more radical than smoothing some of Thatcherism's roughest edges. Lawson attributes this success of neoliberalism essentially to what he and his co-thinkers regard as the correspondence of the ideology of free-market capitalism with 'human nature'.<sup>4</sup> But his account of how the policy was implemented in Britain is notable for its acknowledgement of the *strategic* importance of the offshore windfall. The largely self-serving memoirs of most of his former cabinet colleagues – including Thatcher's own – seldom mention it.<sup>5</sup>

Commenting on this, the journalist Andrew Marr surmises that Thatcher's amnesia could stem from her embarrassment that a crucial industry, dependent on the entrepreneurial spirit she espoused as her own, was something for which she 'could take absolutely no credit'.<sup>6</sup> But it also raises bigger questions. It is more realistically seen as concealment integral to a complacent account of British history since the 1980s (to which Marr's book for the most part contributes)<sup>7</sup> that played an essential part in embedding Thatcherite ideology in British political discourse.

'The only duty we owe to history is to rewrite it,' remarked Oscar Wilde,<sup>8</sup> and the global financial and economic crisis that began in 2007/8 provides a new vantage point for the overdue historical discussion about the significance of UK North Sea oil. Those who embraced TINA had good reason to treat the offshore story as a sideshow. It had to be free-market ideology – the acknowledgement of the final triumph of capitalism, which Francis Fukuyama later called (at first with a question mark but then without it) 'the end of history' – that, supposedly, had transformed Britain.<sup>9</sup> But the early twenty-first-century crisis exposed market fundamentalism, and, while it was quickly clear that it had produced no radical rethinking amongst the decision-making elites, it provided the stimulus both for a new period of mass actions against attacks on living standards and for a critical discourse about the significance of the period of

neoliberalism's rise. One aspect of this was that questions about how the United Kingdom had earlier dealt with its offshore revenues began to be asked again.<sup>10</sup>

An 'official' two-volume history of UK North Sea oil and gas, by the energy economist Alex Kemp (published, dated 2012, since this chapter went to press), will provide a new foundation for historical interpretation, which must not be confined to retrospective profit-and-loss accounting. The rich diversity of experience – of personal and national aspiration, of entrepreneurial adventure and devastating tragedy – the UK North Sea story embraces can be sampled in the major University of Aberdeen 'Lives in the [UK North Sea] Oil Industry' [LOI] oral life-story collection.<sup>11</sup> It is perhaps not surprising indeed that journalists with a historical eye have been quicker than archive-bound academic historians to grasp the possibilities of such narratives; and that there is a journalistic quality to the only monograph on the history of North Sea oil to predate the official history.<sup>12</sup> A recent general study of the role of the 'black gold' in twentieth-century Britain provided important scholarly context but was not concerned with a wider debate about the role of North Sea oil in the interpretation of late-twentieth-century British history and the relevance of this history in understanding the global crisis of the twenty-first century.<sup>13</sup>

Helge Ryggvik's recent *The Norwegian Oil Experience* makes an important comparative contribution to such a discourse.<sup>14</sup> And the appearance – as this chapter was being revised – of Ian Rutledge and Philip Wright's edited volume on 'market fundamentalism' and UK energy policy provides a pioneering mainstream critique of 'the less than desirable role' of finance capital in determining 'UK public policy'. The editors focus on the argument of global management consultant Philip Ellis that '[t]he passive role ... government has played in energy security since the Thatcher–Reagan revolution is a luxury we can no longer afford',<sup>15</sup> and on the need for UK energy policymakers, 'having led the world in promoting free market dogma', to recognise the necessity to 'swing sharply away' from it.<sup>16</sup> But their book is also relevant to the development of a broader argument about the role played by the UK North Sea oil revenues in the origins of Thatcherism; and, thereby, in the history of neoliberalism as a whole.

My perspective derives from two main sources. First, I worked with Hugo Manson on the LOI oral-history project, listening to the stories of many usually unheard people who have worked in, or had their lives affected by, the industry; and reflecting that their

experiences can mean as much for understanding the oil story as those of the decision makers who are conventionally deemed to 'make history'. Second, I arrived at Aberdeen University as a young history lecturer a year before oil was first discovered, so that my experience of the city coincided with its emergence as the 'Oil Capital of Europe'.<sup>17</sup> My ideas about rethinking this history are also conditioned by my having been a correspondent in the 1970s for the daily newspaper of a would-be revolutionary socialist party, when the theory behind my reporting was a conception of the predictive potential of Marxism that has been overtaken by the unpredicted realities of the intervening decades. For me revisiting the history of North Sea oil is linked with attempting a radical critique of historical and political theory, and, although my angle is personal, I think the project is of wider concern. There is a need for a contemporary history of the United Kingdom which, in demystifying Thatcherite neoliberalism, contributes to new theoretical foundations for those now looking beyond it – and, as the Marxist political philosopher István Mészáros puts it, in contributing to a 'theory of transition', 'beyond capital' itself.<sup>18</sup>

In seeking to contribute to such work, this chapter addresses the ways in which the prospect of oil wealth helped frame British political aspirations in the 1970s; elaborates briefly on how rethinking a theoretically misconceived 1970s approach to the wider historical significance of UK North Sea leads me, not to abandon the need for such theorising, but to approach it very differently today; and contrasts this approach with the lacuna in most conventional histories of post-imperial Britain where the story of North Sea oil should be. It concludes with some hypotheses to be tested in what I anticipate will be a new period of interest in that story.

#### THE COMING OF OIL: EXPECTATIONS AND CONCEALMENT

The two central themes in recent British history to which a critical narrative of North Sea oil and its economic and financial advantages for the Westminster government should contribute are the collapse of social democracy and the rise of neoliberalism; and the devolution of political decision making on domestic issues to the United Kingdom's peripheral nations, particularly Scotland. But these developments were not what was anticipated when the prospect of North Sea oil dawned. In 1973, for example, Laurance Reed, member of parliament for Bolton East, warned against underestimating the significance of the discoveries, which had 'profound



strategic, economic and political implications', with the potential to make the 1980s 'Britain's decade'. Far from being relegated further, the United Kingdom would be restored 'to the first division'. Britain's leaders would not have to go cap-in-hand to Washington: US presidents would be 'dropping in here to cultivate us'.<sup>19</sup>

Labour prime minister Harold Wilson, at the opening of the Forties field in 1975, claimed this was a rare moment at which 'without the benefit of hindsight' he could 'identify ... "the turning-point" beloved of historians and journalists'.<sup>20</sup> What he surely anticipated was the creation of economic conditions to underpin industrial regeneration, improved state welfare, and a redefined independent British role in world affairs, as the basis for maintaining the post-war, social-democratic political consensus – the revival, that is to say, of the vision of a technologically efficient social democracy that he had proclaimed in 1963, but which had proved beyond his power as premier from 1964 to 1970 to bring about.<sup>21</sup>

Twenty-one months earlier, in January 1974 – over a year away from first oil – the former Conservative prime minister Harold Macmillan told an aspirant politician, Alan Clark, on the eve of a crisis general election prompted by a coalminers' strike, that the poll 'would be a disaster' for Edward Heath's Conservative government. 'The working class [would] see it as a loyalty vote ... The miners had to be bought off until North Sea oil came on stream.' Then the trade unions could be 'outmanoeuvred', and, Macmillan implied, the oil wealth could be used to underpin the restoration of the sort of Conservative rule he had presided over as premier for the six years after the Suez fiasco – 'One Nation' Toryism based on moderate social reform.<sup>22</sup>

The miners' power to provoke the February 1974 election had come in part from the Arab oil price hike following the Yom Kippur War, which in itself was a factor in the British government's decision to produce North Sea oil as quickly as possible, with little long-term planning.<sup>23</sup> Macmillan proved right about the election: Heath failed to win it or to recover office in a second poll in November. But his aspiration to see the oil windfall used for a social policy reworking the political relationship between government and the working class without deepening conflict foundered in 1975 when a right-wing reaction in his party against, not simply a twice-defeated leader, but also the perceived failure of post-war 'consensus' politics to safeguard the interests of capital, catapulted Margaret Thatcher into the Conservative leadership. By the time she became prime minister four years later, her influential free-market supporters, if perhaps not

yet Thatcher herself or the majority of her party, were committed to a radically new economic strategy and were clear that defeating (not merely 'outmanoeuvring') the unions was necessary for the social discipline their policies required.<sup>24</sup> In 1984 Thatcher was to vilify the miners' union as 'the enemy within' – the domestic equivalent of the Argentinean *Junta* she had taken on abroad two years earlier in the conflict over *las islas Malvinas*.<sup>25</sup> From the beginning Macmillan was horrified by Thatcher's policies; but his memorandum cautioning the new prime minister against her destructive approach to the social infrastructure was ignored.<sup>26</sup> No patrician rebuke was to stand in the way of *her* Conservative government.

Shortly before the first 1974 election, the economist and government adviser Gavin McCrone prepared a 'secret' paper – initially for the Scottish Office but later sent confidentially to the Cabinet Office – about the Scottish National Party (SNP)'s claim that, with oil revenues, an independent Scotland would be economically viable.<sup>27</sup> Unionist politicians (both Labour and Conservative) claimed that the Nationalists were exaggerating the potential oil revenues, and McCrone's memorandum was given added relevance by the election results. In February an indecisive outcome resulted in a minority Labour government and in November Labour won a minuscule majority; but the SNP – first victorious in a fully contested Westminster election only as recently as 1967 – secured first seven, then eleven parliamentary seats (some 10 and 15 per cent respectively of Scotland's MPs) and, in November, over 30 per cent of the Scottish popular vote. Its key slogan was, 'It's our oil.'<sup>28</sup>

Most of the oil reserves were in what – had Scotland been an independent nation – would have been 'Scottish waters',<sup>29</sup> and the Nationalists claimed that oil wealth could make Scotland a prosperous Scandinavian-style social democracy. 'The case for Scottish nationalism' was not purely economic, McCrone pointed out, but 'it has been much more concerned with economic prosperity than nationalist movements in other countries', mainly because of 'persistent unemployment' in the industrial West and emigration. The SNP's argument that independence would solve these problems had 'until recently lacked credibility'. But the idea that Scotland 'derived more advantage than disadvantage from the Union' was called in question by North Sea oil more acutely 'than at any time since the Act of Union' in 1707 – although the 'full significance' of this remained 'concealed from the Scottish public'.

McCrone compared the British government's deals with the oil companies unfavourably with those done in Norway; and concluded

that 'all that is wrong now' with the SNP's estimate of the potential oil revenues 'is that it is far too low'. Oil money could make Scotland superabundantly wealthy. McCrone thought there were other factors, to do with history, politics, financial governance and international affairs that militated strongly against independence. But it was not at all certain that a majority of Scottish electors, given full information about the oil's potential, would continue to vote against separation.<sup>30</sup> No UK government, in the midst of the post-imperial crisis soon to come to a head with the 1976 IMF intervention, could contemplate what was entering academic discourse as 'the break-up of Britain'.<sup>31</sup> Aside from the further political instability it would cause, the oil revenues were crucial to a UK recovery.<sup>32</sup> The McCrone memorandum was to remain confidential for 30 years.

In the USA the possibilities of oil money reviving (and perhaps dividing) a floundering Britain were followed closely. In 1973 Richard Funkhouser, a former ambassador with experience of the international oil industry, became US consul in Edinburgh, monitoring affairs in what might become another oil state with which his country had to deal; being a natural neoliberal proved no barrier to his developing considerable sympathy for the SNP.<sup>33</sup> In January 1975, Secretary of State Kissinger told President Ford that 'Britain is a tragedy; it has sunk to begging, borrowing and stealing until North Sea oil comes in'.<sup>34</sup> Later that month, Wilson and his foreign secretary, Jim Callaghan, visited the White House, in part to provide an upbeat account of Britain's energy prospects. In his 1974 election rhetoric Wilson had claimed, semi-seriously, that by 1985 'the Labour Secretary of State for Energy will be chairman of OPEC'.<sup>35</sup> In the Oval Office his aside, '[i]n six years, when Jim is Chairman of OPEC ...', drew from Kissinger the comment: 'A terrifying thought!'<sup>36</sup>

North Sea oil began to arrive in the United Kingdom in mid 1975 at an event we can revisit through two contrasting recollections. The British energy secretary was Tony Benn – a politician notable for his sharp move to the left in the early 1970s and for publishing voluminous diaries. Benn played a key part in the government that succeeded Heath's, settling the wage demands of the miners and embarking on the rescue of the United Kingdom from chaos by governing in alliance with the trade-union leaders. In the spring of 1975, he had been moved – as Wilson sought to reassure the City of London and international finance that his government represented

no threat – from the Department of Industry, where, *inter alia*, he had promoted worker cooperatives, to Energy.<sup>37</sup>

On 18 June 1975 Benn attended 'the first landing of North Sea Oil' on a tanker in the River Medway, at a 'ravaged, desolate, industrial landscape' made to look 'quite beautiful' by fine weather and perhaps also by the sunny economic prospect the oil offered. But the thoughts recorded in his diary were dominated by disgust at the 'complete cross-section of the international capitalist and British Tory establishment' present. He was 'so glad [his wife] Caroline was there to talk to'.<sup>38</sup> Caroline Benn, however, was no passive companion. She left her mark on Frederic Hamilton, the American capitalist whose small Denver-based firm had beaten the majors in bringing the first UK North Sea oil ashore.

Hamilton told Hugo Manson he thought that Benn 'realised ... it was important to Britain what we were doing'.

He was very much union orientated, but we had to get along with him – and the only thing I remember specifically was the day we brought the first oil ashore ... [Benn] was saying ... 'We've got our own oil supplies now; we don't have to rely on the Middle East. This is the greatest thing that has happened to Britain!' ... Everybody was very positive ...

Except, he recalled, the 'American girl', Caroline Benn:

'Mr Hamilton ... I don't care about all that,' she said ... 'How many lives were lost to get this first barrel of oil ashore?' And ... I said: 'Is this your only comment?' She said ... 'That's all I care about.' So I said: 'Well, I don't have any idea; but it pales into insignificance compared to what this'll do for the economy of Great Britain and the rest of the world.' ... I thought, 'Boy, maybe that's why Tony Benn is such a [uncompleted] ... as difficult as he is, he's got a wife who was just an absolute ... [uncompleted]! And she was an *American!*'<sup>39</sup>

Others too, interviewed for LOI, noted the casual attitude to safety. In the mid 1980s, Tim Halford, PA to Occidental Oil's Armand Hammer, accompanied his boss to the Piper Alpha platform north-east of Aberdeen. Hammer's comment that '[y]ou can just feel those dollars flowing underneath!' stayed with him. He told Manson that the remark was prompted by vibrations palpable on the platform deck – more rationally perceived as signs of danger

than of profit.<sup>40</sup> On 3 July 1988, Piper Alpha exploded in the North Sea industry's greatest disaster, in which 167 workers and rescue-vessel personnel died.<sup>41</sup> By then North Sea oil had already delivered much of the economic benefit Hamilton had celebrated in 1975 and the strategic advantage to the Thatcher government Lawson had acknowledged in 1982; but, at the expense – it was now horrifyingly clear – of the failure to prioritise human life exemplified by Hamilton's dismissal of Caroline Benn's concerns.<sup>42</sup>

The policy of rapid exploitation meant dependence on overseas experience rather than developing the necessary expertise in the United Kingdom.<sup>43</sup> It was primarily the American majors, with their anti-trade-union culture, that were on hand. The unions were, at best, sidelined and were unable to play an effective role in health-and-safety policy – in contrast both to the industrial-relations culture established in the United Kingdom after the Second World War, when the trade unions were recognised in Winston Churchill's oft-quoted phrase as 'an estate of the realm', and to the role the unions played in Norway.<sup>44</sup> Yet this, like the story of North Sea oil generally, has struggled to find its way into histories of the period, which might have been expected to interrogate why so modern an industry should have risked such a major human disaster.<sup>45</sup>

In the 1970s, then, it was widely perceived that the arrival of North Sea oil represented a historic moment. Wilson and Macmillan, in different ways, envisioned the oil reviving the basis for social reform and consensus politics. McCrone explained that an important change in the economic balance of forces between the two largest (albeit unequal) component nations of the United Kingdom had taken place and argued that Scotland required particular consideration. But for the Thatcherites the oil was primarily to be a facilitator for neoliberalism. The change is symbolised by the English poet Al Alvarez, who, eager for adventure in the early 1980s, reported on the industry for the *New Yorker*.<sup>46</sup> One evening on the deck of an accommodation platform he was joined by a small man concentrating on his physical exercises, who 'nodded brusquely at the shimmering lights spread around us in the darkness' and, before marching quickly away, said, 'You know what that is? ... That's what keeps our country solvent.'<sup>47</sup> Participants still knew they were engaged in a vital economic enterprise, but it was one now largely concealed from public debate. The strategy to which its revenues had been committed was very different from the optimistic social perspectives of the discovery years.

#### THE NEED FOR THEORETICAL REORIENTATION: A TROTSKYIST MISSES THE FULL STORY

When, in 1968, I arrived in Aberdeen, I had no idea it was about to become the urban base of the United Kingdom's most dynamic industry. The distinctively grey-granite capital of a beef- and whisky-producing region, its industries included fishing, fish processing, paper making, woollen manufactures and small-scale shipbuilding and engineering. It was seen as remote and parochial, liable to cede to the more central Dundee its status as Scotland's third city after industrial Glasgow and Edinburgh, the administrative capital. In 1969 a report on economic prospects by an Aberdeen University economist sought remedies for the problems of urban decline that made no mention of offshore energy.<sup>48</sup> That year the oil was discovered, and, though the city was slow to respond and was by no means certain to become the industry's onshore 'capital', its advantages – certainly when compared to Dundee – included an airport with space for development and a reputation for relatively untroubled industrial relations.

I had joined the Trotskyist Workers Revolutionary Party (WRP) and contributed to its daily newspaper.<sup>49</sup> My reports focused on declining industries where there were stories of working-class struggle, but, although my most direct experience of the offshore industry was on trains overcrowded with rowdy roughnecks and roustabouts, I tried to pay attention to some of its more accessible aspects. My writing, an editor told me, interested some newspaper people in London: it was 'different' in its stress on the negatives in the story. There was a Klondike atmosphere of hit-and-miss enterprise as Aberdeen's conservative gentility (and well-concealed poverty) faced boomtown frenzy and divisive social upheaval. There were fortunes for a few, impossible house prices for many; money-to-burn for passing-through offshore workers, diminishing opportunities for others dependent on declining industries.<sup>50</sup> I gave over-eager weight to business failures, seeing them as further evidence that British capitalism could not escape what 'the party' claimed was its terminal crisis. Signs that working-class militancy – very evident in the Scotland of industrial decline – might spread to workers in the new oil-and-gas-related enterprises were emphasised.

Social revolution, held back according to WRP thinking largely by working-class leadership 'betrayals', seemed briefly plausible. The possibility of Thatcherism went unanticipated; or, if contemplated, only showed the importance of averting that outcome by 'building

revolutionary leadership'. Behind this was the idea that Lenin's 1916 pamphlet, 'Imperialism: The Highest Stage of Capitalism' (1964), whatever updating it might need, was the essential guide to the epoch. Lenin's analysis (as we understood it) told us that the First World War had signalled that the twentieth century would be capitalism's final epoch – with Britain entering it as the oldest, most decadent, finance-capital-dominated advanced economy. Surely even the oil windfall could not – whatever the optimistic rhetoric – reverse the tide of history. It seemed much less significant than the defeat, in its trial of strength with the trade unions, of the 1970–74 Conservative government – the most dramatic moment in times so far from the normality of British politics that they are tellingly described in the title of Francis Wheen's witty account of the 1970s as 'strange days indeed'.<sup>51</sup> On the political right there were those for whom Heath's fall in the heat of a class struggle presaged the descent into chaos; on the left it could be seen, not entirely implausibly, as a pre-revolutionary moment.

But it was not. A neoliberal world later, it can be seen that Britain was not ripe for revolution – although, as Mészáros argues, the late 1960s and early 1970s *were* critical in a new stage of crisis in the capital system.<sup>52</sup> I return in conclusion to how Mészáros's ideas lead me to suggest that rethinking historically the impact of North Sea oil on Scotland and the United Kingdom in the light of a critical reassessment of Lenin's characterisation of the twentieth century might contribute to the wider discussion I am arguing is needed.

#### FILLING A LACUNA IN CONTEMPORARY BRITISH HISTORY

North Sea oil and gas production is hidden from view. There are no oil communities as there were coalmining ones. Oil is produced, as very often are the facilities for its production, far from public view. The oil, unlike coal, remains underground, delivered largely unseen until pumped into vehicles, heating systems or whatever. And this has become an apt metaphor for a lacuna – the lack of attention to the industry – in academic histories of contemporary Britain. The trend is typified by Peter Clarke's in other ways exemplary *Hope and Glory: Britain 1900–2000* (2004), a much-admired scholarly popularisation. Even late-twentieth-century Scottish history has until very recently been written with little attention to the North Sea. In general, in explanations of the trajectory of post-imperial Britain, the offshore industry has had little part to play.<sup>53</sup> It is as

though the amnesia of Thatcher and most of her key ministers has been allowed to set the historical agenda.

The situation, however, is changing. Even before Kemp's 'official history' furnishes comprehensive access to crucial evidence, historians have begun to show greater awareness. The relatively few references in Richard Vinen's *Thatcher's Britain* are penetrating on the role the oil revenues played, in line with Vinen's general emphasis on deconstructing oversimplified views of 'Thatcherism'.<sup>54</sup> In Scotland, Christopher Harvie's many contributions to national history have been influenced by his personal but pioneering study of the industry, tellingly entitled *Fool's Gold* (and published in the mid 1990s to coincide with 'Wasted Windfall', a Channel 4 TV history). John Foster's chapter on the twentieth century in the *New Penguin History* benefited from his work on offshore labour relations.<sup>55</sup> But of serious single-volume histories of twentieth-century Scotland, Catriona Macdonald's and Ewan Cameron's are the first to pay more than casual attention to North Sea oil.<sup>56</sup> Cameron in particular recognises that the Piper Alpha tragedy has to be confronted as a central event.<sup>57</sup>

A more profound challenge to conventional historiography is posed by the social historian Jim Phillips, whose book on the industrial politics of the 1960s and 1970s sets the movement for Scottish devolution in a class context, focusing on the social aspirations of working people and the problems of labour-movement organisations in representing them, rather than on the more conventional theme of the politicisation of 'Scottish identity'. He aligns himself with the thesis that the United Kingdom's oil wealth, instead of being invested in renewing the socio-economic and industrial infrastructure of the welfare state, was used to reassure world money markets in a period of financial turmoil; and later to foot a burgeoning social-security bill, which assisted with the containment of militant opposition as workers were made redundant in the transition from a manufacturing to a 'consumer' economy. For Britain's working-class communities dependent on industry, it was indeed a 'wasted windfall'.<sup>58</sup> But there is also a more complex argument.

The potential of the oil revenues, by boosting the electoral fortunes of Scottish nationalism, pressured the Labour Party into accepting devolution, which in turn provided Scottish trade unionists with a pragmatic demand based on the not unfounded idea that Scotland's political culture was more rooted in social democracy than England's.<sup>59</sup> From the 1970s on, devolution came to look like



a 'realistic' way of promoting working-class interests. An effect of 'Scotland's oil', therefore, was that it 'advanced devolution' as a potentially progressive social policy. Following Phillips, it can be argued that the oil money acted as an agent of the historic destruction of Scotland's (and of course the United Kingdom's) industrial society and the state-welfare policies that had alleviated its social problems; and, at the same time, as a promoter of devolution, which, it was hoped, might provide Scots with the ability to moderate the impact of UK-wide policies that threatened the future of the welfare state.

The revenues that in Norway were to be, in some measure at least, harboured as an 'oil fund' for future social and infrastructural investment, in the United Kingdom were, as Phillips puts it, 'dissipated', especially by Thatcher's Conservative governments, into 'tax cuts and social security payments'.<sup>60</sup> Only in the northern, culturally distinct Shetland Islands, where the local authority had gained a unique (for the United Kingdom) measure of control – including the right to negotiate separately with the oil companies – was a deal arrived at that, in its relatively small and isolated way, came close to the Norwegian approach to the long-term benefit of Shetland society.<sup>61</sup> For the United Kingdom as a whole the fate of the oil 'windfall', as Theo Nicholls noted at the time, was indicated by the fact that the trebled costs of unemployment benefit under Thatcher took the overall bill to a figure close to the North Sea oil receipts, and that 'more or less was where the revenue from North Sea oil [had] gone'.<sup>62</sup> Nor was this accidental: it was an element in the market strategy Lawson outlined in his 1982 lecture, to which, as he said, the North Sea 'windfall' furnished such a strategic contribution.<sup>63</sup>

The industrial and social unrest that eventually played its part in unseating Thatcher – if not Thatcherism – lasted throughout the 1980s.<sup>64</sup> But Thatcher's ministers succeeded in postponing the decisive showdown with the 'Scargillism' of the then still powerful National Union of Mineworkers – Britain's 'civil war part two' as it has been credibly described<sup>65</sup> – until 1984/5. By then the threat of a general strike or comparable challenge to the government's existence was offset by the fact that economic recovery – albeit on Thatcherite terms and at great social cost – was underway. Thatcher moreover had rid her ministerial team of its 'Wets' – the compromisers who balked at the ruthless application of free-market economic and social policies. A major confrontation in the early 1980s could have had far more serious implications for the government even than the miners' strike, and, without the government resource to fund the burgeoning social security bill as unemployment mounted, it

might have been difficult to avoid.<sup>66</sup> This is not to suggest that the crisis-ridden United Kingdom would have avoided neoliberalism – the Labour administration that held office after the crisis of 1976 had already reluctantly laid the foundations for it<sup>67</sup> – but it could have been more difficult to embed Thatcherite ideology into the 'common sense' of mainstream UK political-economic discourse.

As the North Sea narrative acquires a larger presence in contemporary British history, such questions of detail can be addressed. Nor should Klein's challenge to reinterpret the Thatcher years as international history be ignored. In seeing Thatcherism as the 'democratic' moment in the global neoliberalism's brutal global trajectory, Klein coaxes contemporary British history out of its accustomed national frame – incidentally giving ideological significance to Thatcher's friendship with Pinochet, manifested when the Chilean dictator was held in Britain in the late 1990s pending possible extradition to Spain to face charges of crimes against humanity. Against Klein, however, the actual history of the origins of Thatcherism needs to be asserted.<sup>68</sup> For her, the victory in the 1982 war against the Argentinian *Junta* in the so-called 'Falklands War' was the break that gave Thatcher – for whom, as an elected politician, the Chilean solution was not an option – the authority for driving on with the neoliberal offensive. The jingoistic hysteria generated, particularly in the south of England, was indeed a factor in the Conservatives' 1983 election victory, after which the privatisation programme and the war against the unions accelerated. But Klein's omission of North Sea oil means that she misrepresents the chain of events. Had Thatcher – aided by oil revenues – not been able to ride out the crises generated by the economic policies of her early years, she could well have been quickly out of office, or so preoccupied by domestic conflict that she would have been unable to embark on the South Atlantic campaign, far less, in 1984/5, to mobilise unprecedented state force in delivering what Klein acknowledges as the *coup de grâce* in the United Kingdom's 'shock treatment' – the ruthless defeat of the miners.<sup>69</sup>

Klein's account of the origins of Thatcherite neoliberalism, then, is wrong in detail. But it valuably points to the need for historians, in filling the lacuna in the narrative of contemporary Britain where North Sea oil should be, to recognise the extent to which Thatcher's success in embedding her ideology of no-alternativism in orthodox political discourse is a – if not *the* – main thing that gives the United Kingdom a continuing, important role in post-imperial world history.

### TEMPORALITY AND CONTEMPORARY BRITISH HISTORY: CONCLUDING HYPOTHESES AND FUTURE WORK

This chapter set out to examine the impact of North Sea oil, exploited primarily by global corporations, on the United Kingdom and on Scotland particularly. Oil revenues helped make Thatcherite neoliberalism possible; Scottish working people and their communities were amongst its main victims; and the United Kingdom's social-democratic consensus – which had more deep-rooted, cross-class support in Scotland than in the most electorally significant parts of England – was dealt a death-blow, strengthening Scottish support for devolution. Thatcher's focus on making the United Kingdom a minimally regulated centre for global finance, at the expense of industrial production, was perceived most negatively of all in Scotland, which was where most of the oil was. Labour, the main UK social-democratic party, had majority Scottish support throughout the 1980s, but was powerless at the UK level to mount effective opposition to Thatcherism. Disillusionment in Scotland had the option of expressing itself politically through support for the Scottish Nationalists, who had been boosted in the 1970s – when Labour's UK-wide welfarist vision of the 1940s was already in deep crisis – by the potential of oil wealth.

When Blair's New Labour won a landslide victory in the 1997 general election, devolution – despite the new prime minister's own priorities – was one of the few policies inherited from the 'old' Labour Party to survive. Political credibility demanded that a referendum be held to authorise a Scottish parliament with responsibility for most domestic policy. It was established in 1999 and, until 2007, Labour-Liberal Democrat coalition administrations carried out policies on education and social welfare sufficiently distinctive to sustain the idea that devolution gave Scottish society some protection from the scarcely modified Thatcherite agenda in London.<sup>70</sup> But the growing unpopularity of the UK Labour government helped the SNP to secure a narrow plurality of seats in the 2007 Scottish election and form a minority government. Establishing an 'oil fund', while out with their power as a devolved administration, remained Nationalist policy, but it could no longer be supposed that it would be a one-shot solution to an independent Scotland's budgetary problems. The 2007/8 financial crisis, in which Scottish-based banks (and nations such as Ireland and Iceland, promoted by the SNP as models for Scotland) were heavily implicated, further limited the attraction of independence. Support for the SNP came to depend more on a

perceived need to defend 'Scotland' against the effect of UK cuts in devolved budget allocations than nationalism *per se* – and this was confirmed by early analyses of what was widely hailed as a 'historic' triumph for the Nationalists in the Scottish election of 5 May 2011.<sup>71</sup>

In drawing up a balance sheet of the social impact of UK North Sea oil, the most obvious comparator is Norway, and its long-term strategy to harbour oil revenues to help meet the challenges of a post-oil economy. In 2010 a BBC Scotland reporter visited Norway to reflect on the contrast and on how a similar policy might have affected Scotland's – and the United Kingdom's – ability to weather the international financial crisis.<sup>72</sup> But the UK failure cannot be explained simply as a conjunctural 'mistake' in decision making; it has to be seen in the context of the historical determinations – the point arrived at in British post-imperial history – underlying the direction of policy not simply in the Thatcherite 1980s but in the whole period from the collapse of British social democracy during the Wilson governments of 1964–76 onwards.

Ryggvik's study of Norway's oil policies argues that they can be understood only in the context of Norwegian history and political tradition. There was 'no single Norwegian oil experience' easily emulated elsewhere, only the outcome of the often conflicting experiences of different interest groups. Norway's relative success in dealing with its oil windfall was 'the product of an active democracy' – one which has expressed itself 'not only through formal parliamentary representation, but equally through direct popular mobilisation'. And 'the greater the degree of openness and general popular oversight of political priorities and decisive technological choices, the better a society will be able to manage a strategic energy resource in a way which benefits society as a whole'.<sup>73</sup>

By this standard, Scottish politicians (whether nationalist or social democrat) might claim that the way North Sea oil helped – albeit indirectly – to change the pattern of Scottish politics ultimately produced a new parliament offering a greater measure of direct public access at least to the *process* of decision making, and that this outcome was in part the product of popular actions against Thatcherism in the 1980s. But the parliament had no control of key areas of policy, including the disposal of revenues from the offshore industry. It could not reverse neoliberal macroeconomic policy, which had dictated the short-termism of the early use of the oil money, or the industrial relations regime established in the 1980s, which New Labour left largely untouched. The highly

restrictive 'anti-union' laws, justified precisely in the name of a democracy defined exclusively in terms of 'formal parliamentary representation', have substantially constrained the trade unions' role in politics by severely limiting their ability to organise industrial action – the foundation of their former strength within a more pluralistic conception of representative democracy. And, while Scottish Nationalists can claim that their moment of opportunity for independence was snatched from them in the 1970s by the undemocratic concealment of the real financial prospects of offshore oil, neither at that time nor more recently have they espoused a programme of radical opposition to the basic assumptions of neoliberalism.

In conclusion, there are two directions, I want to suggest, in which Ryggvik's caution about the limits of the Norwegian 'example' and about the need for historical contextualisation can usefully lead future evidence-based discourse about the 'lessons' (and international relevance) of the United Kingdom's (including Scotland's) offshore oil experience. First, more attention should be paid to the actions of offshore workers – the democracy of the industry – themselves. Second, the historical methodology that has in effect collaborated in establishing Thatcher's neoliberal ideology (TINA) in the underlying assumptions of much contemporary British historiography requires radical critique. Without recontextualising the historical moment in which North Sea oil came on stream and reached peak production – the last quarter of the twentieth century – debate about the use of its revenues cannot go far beyond subjective speculation.

In the late 1980s the UK offshore workers were forced to fight for a measure of democratic control over their industry. Their 1989/90 offshore sit-in movement followed the Piper Alpha tragedy and was inspired primarily by concerns about safety – about life itself – rather than traditional trade-union demands. The actions achieved only limited gains on wages: the anti-union regime the workers had to endure – encouraged by Thatcherite legislation and frustratingly different from what they saw in Norway – was not overcome. But they began to raise radical questions about the need for new dimensions in working-class organisation in the period of capitalist globalisation.<sup>74</sup>

A new body, the Offshore Industry Liaison Committee (OILC), led the action. It faced formidable difficulties, first in working within the established unions and then in organising independently of them until, in 2008, it became an autonomous part of the left-wing transport union, RMT.<sup>75</sup> What is worth deeper examination is the extent to

which OILC's difficulties lay not so much in conjunctural factors (tactical mistakes, trade-union rivalries, employer intransigence), as in the still dimly perceived change in historical circumstances. The offshore workers, this hypothesis suggests, were trying to establish trade unions on the basis of ideas about organisation and policy that had emerged in the nineteenth century when the class basis of society and industry and the national framework of economic organisation were much clearer, and the historical possibility of piecemeal reform was still real. But the offshore workers' demand for union recognition and a role in establishing a new safety regime challenged, not just a particular employer, but the managerial imperatives of a major global industry and even, implicitly, the social order within which it works. The offshore workers were fighting, that is to suggest, with weapons appropriate for a vanishing age of industrial relations. In Thatcherite Britain, where the oil corporations operated with minimal public oversight, the OILC's immediate battle could not be won; but it left a legacy of practical action and agonised debate, all the more relevant today as the need grows ever more pressing for new organisational forms to challenge and pose a real social alternative to neoliberal capitalism.<sup>76</sup>

To suggest that the offshore industrial actions of 1989/90 can be seen in retrospect to have been unwinable at the time, but that they raised questions for the future, begs the question of how to understand the way in which the historically determined possibilities *then* are becoming different *now*. This is the point at which my personal attempt radically to revise the Leninism of the 1970s connects with the promotion of new thinking – much more generally significant – about the stage in its history at which humanity had arrived in the decades following the First World War and the Russian Revolution; and about how this can inform an emergent consciousness of the possibilities of realising the radical social transformation urgently needed in the twenty-first century.<sup>77</sup>

In an essay now republished in the context of his two-volume *Social Structure and Forms of Consciousness*, Mészáros elaborates on how Marx's conception of the contradictory forward movement of history is dependent on 'historical temporality' – the need, in interpreting events and making political prognoses, for analysis founded not on the abstraction of 'human nature' or the ahistoricity of postmodernism, but on penetration to the real human possibilities of development within the given determinations of a particular epoch.<sup>78</sup> As Cliff Slaughter, building on Mészáros, has written, the idea that the 1970s were understandable as part of Lenin's (and



Trotsky's) 'century of world socialist revolution', was, it is now clear, simply wrong.<sup>79</sup> But the tremors palpable in the 1960s and 1970s were, as Mészáros argues, indications of profound change and of the *beginning* of a process – laden with the *immanence*, though not the *imminence*, of revolutionary transformation – that is maturing in the early decades of the twenty-first century.

This has important implications for reinterpreting historically the attacks on the British welfare state that were mounted in the 1980s, as the idea that oil revenues could sustain and improve it was abandoned – attacks that have been re-engaged with a new and comprehensive vigour in the aftermath of the global financial crisis. As, in 2010 and 2011, mass opposition took to the streets of the United Kingdom in unprecedented numbers, it was striking that labour and trade union leaders had little to offer in the way of an analysis, beyond revamped versions of the neo-Keynesianism that had failed to halt the first neoliberal offensive in the 1980s. The alternative strategies that were offered were little more than different ways of implementing the cuts that global finance capital demanded. They did not challenge the fundamentals of the social system, the essence of which, rather than the accidents of individual greed and folly, had been disclosed by the crisis.

Mészáros writes of Marx's contempt for those 'who wanted to offer some limited and patronizing concessions about the forms of *distribution* to consumers prevailing in capital's socio-economic order while retaining its antagonist mode of *production* fetishistically intact'. The critique – with John Stuart Mill as Marx's main target in his own time – is all the more cogent today, he insists, when a century of experience has tested the 'highly absurd ... separation and contra-position of production and distribution' in a way that '*eternaliz[es]* the established reproduction order as a whole, by declaring its constituent of production' as having 'the character of *physical truths*'. The 'vacuous pseudo-concessions ... on distribution itself' that liberal theory allows can never resolve the fundamental problems created by capital's destructive hegemony over society, since, 'in this scheme of things distribution had to remain *locked into* the allegedly *physically unalterable* determinations of production as such'. Marx's analysis has been 'amply confirmed' by the failure, in the twentieth century, of everything 'from timid liberal reforms'

to the loudly proclaimed but in the end humiliatingly abandoned social democratic programme of transforming society – according to the recipe of 'evolutionary socialism' which was supposed

to be established through the method of '*progressive taxation*' instituted within the framework of the '*Welfare State*'.<sup>80</sup>

Arguing in this way, we can say that, precisely when, in the United Kingdom, North Sea oil appeared to social democrats to offer the possibility of regenerating the welfare state without a transition to what Mészáros refers to as a radically new 'social metabolism', the capital system as a whole was arriving at the point at which even the possibility of 'pseudo-concessions' offered on the basis of accepting 'the allegedly *physically unalterable* determinations of production as such' was being superseded. Thatcher's notorious 'there is no alternative', in other words, should be redefined not as a serious political proposition but as the defensive manifesto of a historically outmoded social system, signalling the impact of the onset of a new period in the oldest imperial capitalist power. Struggles to defend the gains for humanity that advances in knowledge and technology have in the past made possible, even within capital's hegemonic social order, now have to be predicated on preserving these gains – *against* capital's increasingly unmediated and predatory human and environmental *destructiveness* – not only as important in themselves, but also as the necessary basis for transition to a new social order. Socialism cannot be built on scorched earth. And, within existing social relations, the transformative potential for human intercourse and exchange inherent in the exponential expansion of information technology is – as widely perceived dangers to the environment and social life demonstrate – already being catastrophically turned against humanity itself.

To end on this note is in no way to belittle the struggles of workers – including the UK offshore workers after Piper Alpha – for their immediate demands, nor the critical empirical research that, as Ryggvik has shown, can illuminate the comparative experience of the oil industry in different countries. It rather proposes a way of contextualising both (and the other historical themes explored in this chapter) within a project of theoretical clarification on two related fronts. The first is the need for radical transformation to a new global social order, one in which all available resources, including oil, can be used for the planned satisfaction of human need and the urge for human equality. The second is the process by which the emerging forces of opposition to the policies being implemented to sustain existing social structures arm themselves with the mass consciousness necessary for these structures to be superseded by what Marx referred to, not as 'the end of history',

but as the 'end of prehistory' – the point of social transition at which a 'truly human' history will begin.<sup>81</sup>

## NOTES

1. For a critical account of the idea of 'decline' in British history, see Tomlinson 2009.
2. Lawson 1993, pp.58, 139.
3. Klein 2007, ch.6.
4. Lawson 1993, p.6.
5. Thatcher 1993, *passim*.
6. Marr 2007, pp.438–40.
7. Marr's book ends on a note exemplifying an almost nineteenth-century, whiggish complacency: 'In global terms, to be born British remains a wonderful stroke of luck.' Marr 2007, p.602.
8. Wilde 1945, p.102.
9. See Fukuyama 1989, 1992.
10. Even before the full impact of the global financial crisis on the United Kingdom became clear, Energy minister, Malcolm Wicks told a reporter in 2007: 'If you could replay history, the idea as in Norway of building up a national [oil] fund is actually quite an attractive one.' *Guardian*, 27 October 2007.
11. See Brotherstone and Manson 2007.
12. For example, Mackie 2004, 2006; Marr 2007; McGinty 2008; Beckett 2009. The monograph is Harvie 1994.
13. More 2009 has several chapters on the 'black gold' of the North Sea; see too Brotherstone 2010. Historical research will now also be facilitated by government records, increasingly available both through freedom of information and the normal 30-year release rules.
14. Ryggvik 2010.
15. Ellis 2005.
16. Rutledge and Wright 2010, pp.418, 430.
17. Newlands 2000, ch.5. See too Harris, Lloyd and Newlands 1988; and, for a bibliographical article on the impact of North Sea oil in northern Scotland, Newlands and Brehme 2007.
18. See Mészáros 1995.
19. Reed 1973 (unpaginated).
20. Beckett 2009, p.186; Wilson 1979, p.184.
21. See Wilson 1964; Pimlott 1993, esp. chs 14 and 25. A more recent account is Sandbrook 2006.
22. Clark 2001, p.40.
23. The principal academic critic of UK oil policy was Peter Odell. See Odell 2002, esp. pp.185–252, 277–88 and 517–72; and Odell 2010.
24. Beckett 2009, esp. ch.11; Vinen 2009, ch.4.
25. The right-wing commentator Charles Moore, in his *Daily Telegraph* review (23 March 2009) of Beckett and Hencke (2009) on the miners' strike, claims that Thatcher's phrase referred only to Scargill, not the striking miners as a whole. If so, the distinction was lost on the miners and the wider British public at the time.

26. The document was highlighted in a radio review of government documents from 1980 being released under the '30-year rule': 'UK Confidential', broadcast on BBC Radio 4, 30 December 2010. The original is in the National Archives at Kew.
27. McCrone 1975.
28. The Nationalists had briefly held Motherwell at the end of the Second World War, following a by-election when the 'wartime truce' between the main political parties limited competition for the seat, but they lost it in the post-war 'Labour landslide'. Their 'breakthrough' came in the Hamilton by-election of 1967 and their best UK general election performances in 1974. Histories of the SNP include Lynch 2002.
29. This is on the assumption that the maritime border would be based on an extension of the territorial border between England and Scotland that runs from north of Carlisle in the west to just north of Berwick-upon-Tweed in the east. The bulk of the oil in the UK sector as established (with undue haste by the British government, to the great advantage of Norway) by the Continental Shelf Agreement of 1964 is to the north of that line.
30. McCrone 1975, p.5.
31. See esp. Nairn 1977.
32. For the 1976–9 Labour government's economic difficulties as the benefits of oil were awaited, see Healey 1989.
33. See Harvie 1994, pp.51–2 and references *passim*; obituary in *Valley Reporter* 2008.
34. Accessible in the Margaret Thatcher Foundation Archive at [www.margaretthatcher.org/document/110510](http://www.margaretthatcher.org/document/110510)
35. Beckett 2009, p.189.
36. Meeting on Thursday, 30 January 1975. Accessible in the Gerald Ford Archive at [www.ford.utexas.edu/library/document/memcons/1552934.pdf](http://www.ford.utexas.edu/library/document/memcons/1552934.pdf)
37. Benn 1990, pp.381–95.
38. *Ibid.*, p.403; Benn's major social-democratic initiative in the running of the oil industry in Britain was the setting up, in 1975, of the British National Oil Corporation (BNOC), later effectively privatised by the Thatcher government: Benn 1991, esp. pp.4, 45, 171–4; Vinen 2009, p.194; Lawson 1993, pp.190–3.
39. LOI 1, interview with Hamilton.
40. LOI 2, interview with Halford.
41. Cullen 1990; McGinty 2008.
42. For the seminal analysis of this question, see Carson 1981.
43. See esp. Odell 2002 and N.J. Smith, 'North Sea Oil and Gas, British Industry and the Offshore Supplies Office 1963–1993' (Ph.D. thesis, University of Aberdeen, 2007, recently published as Smith 2011).
44. See Woolfson, Foster and Beck 1996; Gourlay 1998; Cumbers 2007 and his chapter in this volume; and Ryggvik 2010.
45. There is an ongoing debate about the extent to which the lessons of Piper Alpha enumerated in Lord Cullen's 1990 inquiry were seriously taken on board by the industry (e.g. Woolfson 2007). But there has to date been little effort to assess the part the flawed safety record should play in broader historical assessments of its significance.
46. See Alvarez 2002.
47. Alvarez 1986, p.40.
48. See Gaskin 1969; Newlands 2000.

49. The production of a daily newspaper from 1969 to the party's collapse in 1985 – first *Workers Press* and then *The NewsLine* – marks the WRP out as a more significant historical phenomenon than a realistic assessment of its political influence at the time (as opposed to its contemporary self-evaluation) would have suggested. Its best-known, though far from its most intellectually credible, member was the actress Vanessa Redgrave.
50. For a piece of political theatre, wildly popular in Scotland in the mid 1970s, which set the divisiveness of the oil boom in the context of a class-struggle view of Scottish history, see McGrath 1996. *The Cheviot, the Stag and the Black, Black Oil* was later adapted as a BBC TV 'Play for Today'.
51. See Wheen 2009.
52. See Mészáros 1995.
53. Brotherstone and Manson 2007, pp. 28–32.
54. See Vinen 2009.
55. See Harvie 1994; Foster 2001.
56. See Macdonald 2009; Cameron 2010.
57. In many accounts, if not ignored, it appears simply as a blip in a general celebration of achievement, and when Stephen McGinty's *Fire in the Night* appeared on the twentieth anniversary of the tragedy, it received surprisingly little attention, certainly outside Scotland.
58. Phillips 2006, p. 147.
59. The legacy of the industrial revolution in Scotland, a more rapid process than in much of England, left a legacy of acute social deprivation that persisted through the nineteenth and much of the twentieth century. And the ideology of social discipline that characterised the Calvinistic Presbyterian church was accompanied by a strong sense of social responsibility, supported by many in the prospering middle classes who feared social disorder and infectious diseases generated by urban poverty. The Scots attachment to the welfare state in the increasingly secular latter twentieth century has strong historical roots rather than signalling moral superiority.
60. Phillips 2006, pp. 147–8.
61. Beckett 2009, pp. 201–5; LOI 3; Ian Clark interview; Crawford 2005; and see Wills 1991 and 2010.
62. Phillips 2006, p. 180; Nichols 1986, p. 237.
63. The Thatcher governments were also sustained by the split in a Labour opposition caught between working-class demands for a return to post-war social democracy and the emerging economic orthodoxy. Right-wingers committed to European union and hostile to trade-union militancy formed the Social Democratic Party, making electoral victory for Labour almost impossible. Within the Labour party a bitter conflict saw the right-wing former chancellor of the exchequer, Denis Healey, defeat the left candidate, Tony Benn, for the Labour deputy leadership by only the narrowest of margins.
64. For recent contrasting approaches to the narrative of events in Scotland in the Thatcher years, see Torrance 2009 and Stewart 2009.
65. Deller 2001.
66. The decision of the Conservative Party to dispense with their leader in 1990 was the result of many factors, notably the split in their own ranks over European policy and the growing frustration of her senior colleagues with her authoritarian personality. But ongoing industrial actions and especially the mass
- protests against the regressive local government Poll Tax were a major factor in creating the impression of a government losing control.
67. There is a large literature on the crisis of the mid 1970s both in the British economy and in the Labour government, for example, Burk and Cairncross 1992; and, autobiographically, Callaghan 1987 and Healey 1989.
68. Klein 2007. The less convincing side of Klein's analysis is her attempt to make a direct link between the rise of neoliberal economics and a theory of torture, the source as she sees it of the use of 'shock treatment' to intimidate populations into accepting the new unmediated capitalism.
69. *Ibid.*, pp. 138–9.
70. See Macdonell 2009.
71. The results of the 2011 Scottish elections were being declared as this chapter was being finalised. The SNP's success exceeded all expectations, confirming that they were seen as the party best able to 'defend Scotland' from the impact of 'Westminster cuts'. Polling evidence suggested that this pragmatic concern, rather than commitment to Scottish independence, explained the result; but a consequence of it was that this issue will now be put to a referendum probably in 2014.
72. Fraser 2010.
73. Ryggvik 2010, pp. 111–3.
74. Woolfson, Foster and Beck 1996 covers the history of OILC's origins; Gourlay 1998 provides insights into employer attitudes. See too Brotherstone 2011.
75. See Cumbers 2007.
76. See OILC 1989–90, 1991.
77. Mészáros 1989, 1995, 2008, 2010, 2011. A participant in the 1956 Hungarian revolution, Mészáros, when his most significant work began to be published in the 1980s, had behind him decades of rethinking the foundations of Marxism following the Stalinist experience. His prolific recent work forms a basis for radical new thinking. It can be contrasted with, for example, the unreflective restatements of better publicised Marxists like the historian E.J. Hobsbawm. Hobsbawm's recent title *How to Change the World* misuses Marx's thesis that the philosophers have only explained the world while the point is to change it, by merely pointing out that the new capitalist crisis of 2007/8 re-establishes Marx's relevance without grappling with how to relate this to oppositional practice or to interrogate the way in which the nature of the 'Communism' he himself espoused has made the word anathema to many. See Hobsbawm 2011, esp. pp. 419–20.
78. Mészáros 1996, pp. 251–92; and 2010/11, pp. 101–48.
79. Slaughter, C. 2006, esp. pp. 280–7.
80. Mészáros 2010, pp. 286–8.
81. To conclude on this note is of course to recognise the complexity of the tasks in front and the urgent demands they make on historical theory, an awareness of which is signally absent from most of the often in other ways excellent work that is presented today in the United Kingdom as 'history'. This chapter pretends to have made no more than a stab at recognising these demands.

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on schedule for the last five years. Now they could be used, and work proceeded rapidly. By 1977, the eight-hundred-mile pipeline had been completed, some parts of it suspended on stilts above the tundra, and the first oil had made the journey from the North Slope to the shipping port at Valdez on Alaska's southern coast. By 1978 over a million barrels per day were flowing through the line. Within a few years, the flow would be two million barrels per day, a quarter of America's total crude oil production.

In Mexico, after the fiery nationalization battle of the late 1930s, the oil industry had turned inward. No longer did Mexico strive to be one of the world's great exporters. Instead, Pemex, the national oil company and the embodiment of Mexican nationalism, devoted itself to supplying the domestic market. Pemex was also subject to a struggle for control between the government and the powerful oil workers' union, which happened, and not by coincidence, to be in the unusual position of being one of the leading contractors to Pemex. For decades, Pemex was a company under pressure. Its income was limited by the low domestic prices. Its development program was directed by cautious engineers, who were guided by a conservationist ethic based on the conviction that resources should be husbanded for future generations. Pemex did relatively little to expand its reserve base. While production rose, it could not keep up with the demands of the rapid growth of the "Mexican economic miracle." As a result, Mexico not only ceased being an exporter but actually became a minor oil importer, though, to save face, a good deal of effort went into disguising that fact when, for instance, it hurriedly had to buy a cargo of Venezuelan crude from Shell.

In search of more oil, Pemex launched a deep-drilling exploration program in the rolling savannas in the southern state of Tabasco. In 1972, oil was struck in what proved to be an extraordinary structure called Reforma. The highly productive wells in the Reforma fields led to the region's being dubbed "Little Kuwait," and discoveries there were soon followed by further very large discoveries in the adjacent offshore area, the Bay of Campeche.

It was becoming clear that Mexico possessed world-class oil reserves. In 1974, the country started, in a very small way, to sell petroleum abroad again, though the export of oil was criticized by some as running against the tenets of Mexican nationalism. While production was rising, the engineers in Pemex continued to be very cautious in their estimates of reserves through the last years of the Presidency of the radical, nationalistic Luis Echeverría Álvarez. But matters changed with the election of a new President, José López Portillo, in 1976. López Portillo, who had been Echeverría's Minister of Finance, inherited an economic crisis that was Mexico's worst since the Great Depression. The Mexican economic miracle had run out of gas, the economy had stalled, the value of the peso had collapsed, and the country was regarded as a poor risk by international lenders. To make matters worse, the population was growing faster than the economy—one out of every two Mexicans was under the age of fifteen—and 40 percent of the workforce was either unemployed or underemployed. In the months before López Portillo actually took over, conditions were so bad that there were even rumors of a possible military coup.

The new oil was a godsend. So was the 1973 price shock, which made that oil much more valuable. López Portillo decided to put the new discoveries to

work as the central element in a new economic strategy. He appointed an old friend, Jorge Díaz Serrano, as the head of Pemex. Unlike his predecessor, an engineer whose specialty had been bridge construction, Díaz Serrano knew the oil industry. He had become a millionaire supplying it with services, and he grasped the potential that was now at hand. Oil would provide Mexico with its desperately needed foreign earnings, it would remove the constraint of the balance of payments on economic growth, it would provide the collateral for new international borrowing, and it would put Mexico at the center of the new oil-based international economy. In short, it would be the engine of renewed growth.

President López Portillo, however, offered a word of caution: "The capacity for monetary digestion is like that of a human body. You can't eat more than you can digest or you become ill. It's the same way with the economy." But López Portillo's actions spoke considerably louder than his words, and with quite a different accent. Investment, much of it borrowed from abroad, was poured into the industry. The proving and expanding of reserves was pushed at a rapid rate; officially sanctioned rumors were floated of greater and greater and still greater oil potential. Production proceeded at a breakneck pace, even ahead of plan. Daily output rose from 500,000 barrels in 1972 to 830,000 barrels in 1976 to 1.9 million barrels in 1980—almost a fourfold increase in less than a decade.

Whereas Mexico had been a country to be avoided by international lenders through 1976, it now became one of the most active borrowers in the world. "Why the Bankers Suddenly Love Mexico" was the title of an article in *Fortune*. The reason, of course, was oil. "Every Tom, Dick, and Harry in banking is knocking on their door," said the vice-chairman of Manufacturers Hanover Trust. One Mexican official was even chosen "borrower of the year" in 1978 by a New York financial newsletter. The title might well have been won by the whole country. There seemed to be no restraint: The Mexican government was borrowing from abroad, Pemex was borrowing, other state companies were borrowing, private firms were borrowing, everyone was borrowing from abroad. How much was being borrowed altogether? No one knew. But it didn't seem to matter. Mexico's credit, lodged in oil, was good. Or so the bankers and their Mexican counterparts thought. But one thing was certain: Mexico had become a major new force in the world oil market, as it had not been since the 1920s, and it would provide yet another significant alternative source of supply, undermining the OPEC Imperium.<sup>6</sup>

## The North Sea: The Biggest Play of All

For many centuries, fishermen had the North Sea to themselves, to catch the herring that was Northern Europe's biggest business in the Middle Ages, and then more recently the haddock and cod. But by the middle 1970s, a new breed of seafarer could be seen from a helicopter on the waters below: floating drilling rigs, supply boats, platforms, pipe-laying barges—singly at first, and then in such profusion, at times, as almost to crowd the sea. Here on the waters of the North Sea, between Norway and Britain, was the biggest new play for the world oil industry, and its single greatest concentration of capital investment and effort. No major company dared to be left out, and many new players were drawn

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in, ranging from industrial companies to staid Edinburgh investment trusts to Lord Thomson, the newspaper tycoon, who owned the *Times* of London. He was a partner of Armand Hammer.

Ever since 1920, thousands of onshore wells had been drilled by the hopeful in Western Europe. The results had been distinctly disappointing: total production in the area never exceeded 250,000 barrels per day. The Suez crisis of 1956 gave a new boost to the search for secure oil and gas resources in Europe; and in 1959, at Groningen in Holland, Shell and Esso had discovered a vast gas field, the largest then known outside the USSR. Realizing that the geology of the North Sea matched that of Holland, the oil companies began to explore in adjacent waters. In 1965, the same year that Britain and Norway formally agreed on how to divide the North Sea right down the middle between them, insofar as mineral rights were concerned, major natural gas deposits were found in the relatively shallow southern reaches of that sea; and platforms comparatively primitive by future standards were built to exploit the gas. Some companies continued exploring for oil, with, at best, what might be described as mild interest, but hardly with eagerness.

Phillips Petroleum from Bartlesville, Oklahoma, was among them. Its interest had been piqued in 1962, when the company's vice-chairman, while on a vacation in the Netherlands, had noticed a drilling derrick near Groningen. Two years later, after the company's senior executives spent an afternoon crawling around and examining three hundred feet of seismic data unrolled on the company's basketball court in Bartlesville, Phillips decided to pursue an exploration program. But half a decade later, in 1969, after a string of dry holes, the company was ready to call it quits. Including Phillips's own efforts, some thirty-two wells had been drilled on the Norwegian continental shelf, and not one of them was commercial. And hole for hole, the North Sea was much more expensive and much more difficult than anything else the company had ever tried. The message from Bartlesville to Phillips's managers in Norway was clear: "Don't drill any more wells."

But in the grand tradition that stretched back to Colonel Drake's well in Pennsylvania in 1859 and the first discovery in Persia in 1908, Phillips reluctantly decided to give it one more go—but only because it had already paid for the use of a rig, the *Ocean Viking*, and could not find anyone else who wanted to sublease it. Phillips would have to pay the daily charges whether the rig was drilling or not. The weather was getting bad, and the seas were rough. At one point, the rig broke off from its anchors and began to drift away from the bore hole. On another night, it became so stormy that a capsized was likely and an emergency evacuation of the rig was initiated at the first daylight. But the *Ocean Viking* did the job; in November 1969, it made a major find on Block 2/4 in the Ekofisk field, on the Norwegian side of the median line. That happened to be a great moment for technology; American astronauts had just landed on the moon. As the drilling superintendent on the *Ocean Viking* examined an oil sample brought up from a depth of 10,000 feet beneath the seabed, he was quite amazed by its appearance, which bespoke a very high quality. "What the astronauts have done is great," he said to the rig's geologist, "but how about this?" He held up the oil; it had a golden sheen, almost transparent, but definitely almost like gold.

Phillips's discovery set all the companies to re-evaluating their seismic data and stepping up their activity. No longer would any orphan drilling rigs go begging for employment in the North Sea. Some months later, a senior Phillips executive was excitedly asked at a technical meeting in London what methods Phillips had used to diagnose the geology of the field.

"Luck," he replied.

Toward the end of 1970, British Petroleum announced the discovery of oil in the Forties field, on the British side, one hundred miles northwest of Ekofisk. It was a huge reservoir. A series of major strikes followed in 1971, including Shell and Exxon's discovery of the huge Brent field. The North Sea oil rush was on. The 1973 oil crisis turned the rush into a roar.

Fortunately, a new generation of technology was either available or under development that would allow production to proceed in the North Sea, a province of the sort that the industry had never before attempted. The whole venture was risky and dangerous—physically and economically. Drilling rigs had to be able to work through water depths much greater than anything tried heretofore, and then still drill another four miles under the seabed. And all the equipment and workers had to cope with a nasty and vicious sea and some of the worst weather in the world. "There's nothing quite as vile as the North Sea when she's in a temper," was the lament of one skipper. Not only was the weather bad, but it could change three or four times a day; a sudden storm could brew up in hours; waves of fifty feet and winds of seventy miles an hour were not uncommon. The permanent platforms through which the oil was pumped—really small industrial cities set on man-made islands—not only had to stand on mud, quicksand, clay, and sand wave bottoms, but also had to be built to withstand the fury of a "100-year wave," ninety feet high, as well as winds of 130 miles per hour.

Altogether, the development of the North Sea was one of the greatest investment projects in the world, made all the more expensive by rapidly inflating costs. It was also a technological marvel of the first order. And it was carried out in an amazingly expeditious manner. On June 18, 1975, the British Secretary of State for Energy, Anthony Wedgwood Benn, turned a valve at a ceremony on an oil tanker in the estuary of the River Thames. The first North Sea oil, from the Argyll field, flowed ashore to a refinery. Publicly, Benn enthusiastically declared that June 18 should from then on be a day of national celebration. Personally, however, he did not enjoy the inaugural event at all. Benn was a leader of the left wing of the Labour party with a passion for nationalization and an inbred detestation of capitalism, especially as it was represented by the oil industry, and was extremely distrusting by nature. He sourly noted in his diary that he had been forced to participate in the ceremony in the company of "a complete cross-section of the international capitalist and British Tory establishment." And when he turned the valve, the oil "allegedly went on shore," he added with great suspicion.

Benn found a much greater outlet for his animosity toward oil companies, for he was playing a leading role in Britain in replicating the traditional battle between governments and oil companies. The North Sea reserves had been proved and the risks greatly reduced; whereupon the British government had decided that it, too, like many other governments, wanted a larger share of the

rents, along with more control over its "destiny," and perhaps outright nationalization. "Oil companies can jump over national boundaries to save on taxes more easily than a kangaroo pursued by a dingoo can jump over a fence," complained Lord Balogh, Benn's Minister of State. The result of the struggle was a special tax on oil revenues and the establishment of a new state oil company, British National Oil Corporation. It now held title to the government's participation oil, reflecting the right to buy 51 percent of North Sea production, and was meant to be the national champion. The British government's push for more revenues and more control of North Sea oil led the head of one company finally to explode, "I don't see any difference any more between those OPEC countries and Britain."

In some ways, that same thought was on the mind of Harold Wilson, Britain's Prime Minister. He was sitting in a second-floor study at 10 Downing Street, puffing on his pipe, in the summer of 1975, a few weeks after the celebration over the first barrels of North Sea oil. Wilson had already had one of the longest-running tenures as Prime Minister. He had also made a major contribution to political theory with a line that deserved to be engraved on the wall of every parliament and congress around the world: "In politics, a week is a long time." Wilson had first come to power in 1964 with a promise to lead stagnant Britain into the "white heat of the technological revolution," but now, a decade later, it was the technology of oil development, not computers and aerospace, that seemed Britain's best economic bet. That particular summer day, Wilson was ruminating on how Britain's oil production could grow from a trickle to perhaps two and a half million barrels per day, transforming Britain's economic prospects and certainly affecting the balance of oil power in the world. He was already thinking like the prime minister of an oil country. At the time the Ford Administration was campaigning against higher oil prices. "We do have an interest in seeing that the price of oil doesn't fall too much," Wilson said. "If America wanted to really bring down the price, not many people here would necessarily agree."

There was a great irony in all this. Wilson was sitting in a room that had been used by Anthony Eden two decades earlier, at the time when Eden struggled over what to do about Suez, Nasser, nationalism, and the threats to Britain's oil supply. So grave was the perceived threat in 1956 that Eden had decided to use military force in the form of the aborted attack on the Canal Zone, which did so much to end the historic European role in the Middle East—and, certainly, Eden's career. Wilson faced no such fate. In fact, he confessed an ambition that might have shocked Eden. As leader of a newly emerging major oil power, Wilson genially said, he hoped he might be chairman of OPEC by 1980.<sup>7</sup>

## "The Crunch"

One peculiar result of the price shock of 1973 was the rise of a new line of work—oil price forecasting. Before 1973, it had not really been necessary. Price changes had been measured in cents, not dollars, and for many years prices were more-or-less flat. After 1973, however, forecasting blossomed. After all, oil price movements were now decisive not only for the energy industries, but also

for consumers, for a multitude of businesses from airlines to banks to agricultural cooperatives, for national governments, and for the international economy. Everybody now seemed to be in the forecasting business. Oil companies did it, governments did it, central banks did it, international organizations did it, brokerage houses and banks did it. Indeed, one might have been reminded of the Cole Porter refrain: "Birds do it, bees do it, even educated fleas do it."

This particular kind of forecasting, like all economic forecasting, was as much art as science. Judgments and assumptions governed the predictions. Moreover, such forecasting was much affected by the "community" in which it was done; thus, it was also a psychological and sociological phenomenon, reflecting the influences of peers and the way individuals and groups groped for certainty and mutual comfort in an uncertain world. The end result was often a strong tendency toward consensus, even if the consensus completely changed its tune every couple of years.

Certainly, by 1978, such a consensus could be observed throughout the community of oil forecasters and among those who made decisions based on those forecasts: White Alaska, Mexico, and the North Sea would together add six to seven million barrels per day to world markets by the early or mid-1980s, those new sources were expected to serve only as a supplement and a sort of modern-day Fabius, holding off and postponing, but not decisively banishing the inevitable day of shortage and reckoning. For, most forecasters agreed, another oil crisis was highly probable a decade or so hence, in the second half of the 1980s, when demand would once again be at the very edge of available supply. The result, in popular parlance, was likely to be an "energy gap," a shortage. In economic terms, any such imbalance would be resolved by another major price increase, a second oil shock, as had happened in the early 1970s. Though variations were to be found among the forecasts, there was considerable unanimity on the central themes, whether the source was the major oil companies, the CIA, Western governments, international agencies, distinguished independent experts, or OPEC itself. Not only were the forecasters convinced, so were the decision makers who relied on the forecasts to make their policies and investments and choose their course of action.

The single most important assumption underlying this common view was the belief in the "Iron Law"—that is, that there was an inevitably and inescapably close relationship between economic growth rates and the growth rates for energy and oil use. If the economy grew at 3 or 4 percent a year, as was generally presumed, oil demand would also grow by 3 or 4 percent a year. Another way of putting it was that income was the main determinant of energy and oil consumption. And the facts, as measured in 1976, 1977, and 1978, seemed to bear out this assessment. Economic growth in the industrial world had rebounded from the deep recession and averaged 4.2 percent in those three years; oil demand had grown at an average rate of about 4 percent. The picture of the future world that thus emerged was a projection of the then-current circumstances: Growing economies would continue to call upon growing volumes of oil. Economic progress in developing countries would add to the demand. The future effects of conservation were discounted. The stage would be set for a repetition of 1973.

